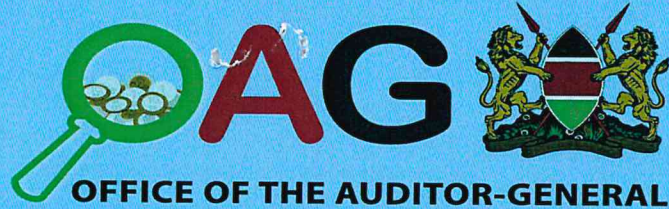
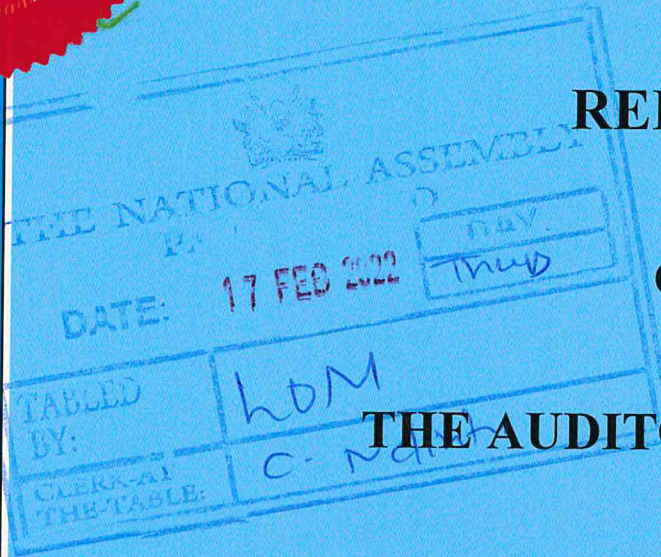


REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**COMBATING POACHING AND ILLEGAL  
WILDLIFE TRAFFICKING IN KENYA  
THROUGH AN INTEGRATED APPROACH  
(IWT-KENYA) PROJECT**

**FOR THE YEAR ENDED  
30 JUNE, 2021**

**STATE DEPARTMENT FOR WILDLIFE**



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# Combating Poaching and Illegal Wildlife Trafficking in Kenya through an Integrated Approach (IWT-Kenya)

State Department for Wildlife  
Ministry of Tourism and Wildlife, Kenya

Supported by:



Led by:



In partnership with:



PROJECT GRANTS/CREDIT NUMBER 00108406

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## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2021

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Prepared in accordance with the Cash Basis of Accounting Method under the International  
Public Sector Accounting Standards (IPSAS)

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**1. PROJECT INFORMATION AND OVERALL PERFORMANCE**

**1.1 Name and Registered Office**

**Name**

The Project's official name is Combating Poaching and Illegal Wildlife Trafficking in Kenya through an Integrated Approach (IWT-Kenya)

**Objective**

The Project aims to support and enhance the country's capacity to address issues of poaching and illegal wildlife trafficking in two project areas: the Maasai Mara and Tsavo ecosystems, via a highly coordinated approach within and between wildlife management and law enforcement authorities, as well as wildlife conservancies established by local communities.

**Address**

The address of its registered office is:

Ministry of Tourism & Wildlife, State Department for Wildlife

NSSF BUILDING, BLOCK 'A'

21st Floor, Eastern Wing

P.O. Box 41394-00100

NAIROBI

The project has two coordinators, each of whom is stationed at the following landscapes:

- Maasai Mara Landscape Office, Narok county offices; and
- Tsavo Landscape Office, KWS Voi.

**Contacts:**

Telephone: (254) 20-2724646

E-mail: [www.pswildlife@tourism.go.ke](mailto:www.pswildlife@tourism.go.ke)

Website: [www.tourism.go.ke](http://www.tourism.go.ke)

## **PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

### **1.2 Project Information**

<b>Project Start Date:</b>	The project start date is 05/07/2019
<b>Project End Date:</b>	The project end date is 05/07/2024
<b>Project Manager:</b>	The project manager is Dr. Fahd M.O. Al- Guthmy
<b>Project Sponsor:</b>	The project sponsor is GEF Trust Fund

### **1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Tourism & Wildlife, State Department for Wildlife
Project number	00108406 (UNDP Atlas Project ID)
Strategic goals of the project	The strategic goals of the project are as follows: [Long-term goal] Stability of baseline values of key wildlife species in the Tsavo and Maasai Mara ecosystems; and [Medium-term goal] 20% decrease in poaching & retaliation killings of elephants and rhinos in the Tsavo and Maasai Mara ecosystems.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Strengthening national and local capacity for effective IWT control in Kenya. (ii) Reducing poaching and illegal wildlife trade in threatened species in Tsavo and Maasai Mara Ecosystems. (iii) Strengthening Community Wildlife Conservancies in Tsavo and Maasai Mara Ecosystems. (iv) Knowledge Management, M&E and Gender Mainstreaming.
Other important background information of the project	The IWT-Kenya project intends to prescribe a long-term solution in two project areas: the Maasai Mara and Tsavo ecosystems, via a highly coordinated approach



	within and between wildlife management and law enforcement authorities, as well as wildlife conservancies established by local communities.
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> <li>(i) Gaps in legislation and regulations.</li> <li>(ii) Insufficient Coordinating &amp; Law Enforcement Capacity for Wildlife management &amp; Control of Poaching &amp; IWT.</li> <li>(iii) Underwhelming local community engagement.</li> </ul>
Project duration	The project document was signed off on 5 <sup>th</sup> of July 2019 and is expected to run until July 5 <sup>th</sup> 2024.
<p><b>NOTE:</b> The project has not begun to implement activities. This is due to the Project Management Unit (PMU) being on boarded in April 2021 after the effects of the COVID pandemic and other factors. Consequently, the inception workshop was held in June 2021 and only critical start-up equipment have been procured during this period. Therefore, there are no comparative figures in the financial statements contained within this report.</p>	

## **PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

### **1.4 Bankers**

Although the project had opened the account below in 2020, it had not been utilized, and therefore had no activity during the reporting period (FY 2020/21):

- [i] Central Bank of Kenya 1000442368-Special Deposit Account – opened March 2020

### **1.5 Auditors**

The project is audited by the Auditor-General.

### **1.6 Roles and Responsibilities**

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
1. Prof. Fred H.K. Segor, CBS	Chairman, Project Steering Committee	Doctor of Philosophy (PhD)	Provide strategic guidance to project implementation.
2. Dr. Erustus Kanga	National Project Director	Doctor of Philosophy (PhD)	Supervise compliance of project implementation with policies, procedures and ensure consistency with national plans and strategies.
3. Dr. Fahd M.O. Al-Guthmy	Project Manager / Coordinator	Doctor of Philosophy (PhD)	Responsible for the overall management of the Project, including the mobilization of all project inputs, supervision over project staff, consultants and sub-contractors.
4. CPA Muturi Njoka	Finance Officer	MBA (Finance) CPA(K)	Responsible for efficient and effective financial management and accounting function for the Project.
5. Peter Lokitela SS, HSC	Tsavo Landscape Coordinator	MSc. Environment and Natural Resource Management	Provide technical and strategic advice and guidance as well as operational support to project management and others for planning and implementation of landscape- or community-specific activities.



6. Boniface Chebii	Maasai Mara Landscape Coordinator	BSc. Environmental Conservation and Natural Resources Management	Provide technical and strategic advice and guidance as well as operational support to project management and others for planning and implementation of landscape- or community-specific activities.
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### 1.7 Funding summary

The Project will run for a duration of 5 years with GEF funding of US\$ 3,826,605 equivalent to Kshs 410,977,377 and annual Government of Kenya counterpart funding as highlighted in the table below. Note: The project document includes co-financing in the form of in-kind contribution as part of Government of Kenya and also Responsible Parties (RPs) contribution towards the project output. This includes related works to enhance implementation of the project. The commitment letters are summarised as follows:

- 1) **Ministry of Tourism & Wildlife (MoTW) USD 8,750,000:** The project was previously handled by Ministry of Environment and Natural Resources as shown in the commitment letter signed in 2017. However, MoTW, being the implementing entity since project sign-off, has taken over the in-kind contribution.
- 2) **Taita-Taveta County Government (TTCG) USD 960,211:** The commitment letter was signed by the previous county government and the current government is yet to formally commit to the project.
- 3) **Tsavo Conservation Group (TCG) N/A:** (Tsavo Conservation Group, which had initially committed USD 2,460,000 to the project, but has since pulled out before project start-up, hence its in-kind contribution, is no longer applicable).
- 4) **Kenya Wildlife Conservancies Association (KWCA) USD 275,000.**
- 5) **Maasai Mara conservancies Association (MMWCA): USD 3,120,000.**

The respective budgets and utilization estimates for the above in-kind contributions have been captured in annex 4.

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (30 <sup>th</sup> June 2021)		Balance To date	
	Donor currency USD	KShs	Donor currency USD	KShs	Donor currency USD	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
(i) Grant						
UNDP-Kenya	3,826,605	410,977,377	521,891	56,373,537	3,304,714	354,603,840
(ii) Counterpart funds						
Government of Kenya	69,832	7,500,000	1,676	180,000	68,156	7,320,000
<b>Total</b>	<b>3,896,437</b>	<b>418,477,377</b>	<b>523,567</b>	<b>56,553,537</b>	<b>3,372,870</b>	<b>361,923,840</b>



**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**B. Application of Funds**

Application of funds	Donor Currency	Amount received to date – (30 <sup>th</sup> June 2021)		Cumulative Amount paid to date – (30 <sup>th</sup> June 2021)	Unutilised balance to date (30 <sup>th</sup> June 2021)	
	USD	KSHS.	USD	Kshs	USD	Kshs
	(4)	(B)	(A')	(B')	(A)-(B)	(A')-(B')
(i) Grant						
UNDP-KENYA	3,826,605	410,977,377	521,891	56,373,537	3,304,714	354,603,840
(ii)Counterpart funds						
Government of Kenya	69,832	7,500,000	1,676	180,000	68,156	7,320,000
Total	3,896,437	418,477,377	523,567	56,553,537	3,372,870	361,923,840

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.8 Summary of Overall Project Performance:**

2 Cumulative GL delivery against total approved amount (in prodoc):	13.76%
Cumulative GL delivery against 2020/21 Workplan	42.86%
Cumulative disbursement as of 30 June:	Kshs. 56,553,537

<b>Key Project Financing Amounts</b>	
GEF Grant Amount (2019-2024)	Kshs. 410,977,377
Counterpart funds (GoK) FY2020/21	Kshs. 7,500,000
Co-financing (in-kind contribution by GoK) (2019-2024)	Kshs. 939,750,000

<b>Key Project Dates</b>	
Project Document Signature Date (project start date):	Jul 5, 2019
Date of Inception Workshop	Jun 17, 2021
First Disbursement of Funds Date	Aug 24, 2020
Dates of Project Steering Committee/Board Meetings during reporting period	Jun 24, 2021
Expected Date of Mid-term Review by UNDP-Kenya	Jan 5, 2022
Expected Date of Terminal Evaluation by UNDP-Kenya	Apr 5, 2024
Original Planned Project Closing Date	Jul 5, 2024

Following the project document signing by The National Treasury on 5th July 2019 (the official project start date), the COVID pandemic occurred, which contributed significantly to delays in project start-up caused by the recurrent country-wide lockdowns, restrictions of movement and other regulations affecting the workplace. Consequently, the Ministry of Tourism and Wildlife (MoTW) and UNDP developed the 6-month project start-up plan that included:

- budget capture in the National Budget Estimates;
- opening of the project special deposit account with the Central Bank of Kenya;
- appointment of signatories by MoTW;
- Project Management Unit (PMU) recruitment and onboarding (completed in April 2021);
- office space allocation by MoTW;
- procurement of project coordination equipment and furniture;
- inception workshop (held in June 2021 following the employment of the PMU);
- constituting the Project Steering Committee (PSC); and
- Development of the 2020/21 Annual Workplan (AWP) and Budget.



The start-up phase had to address the systemic challenges to having the project captured as National Development support: the project needed to be captured in national budget estimates; and the work around the Kenyan Government moratorium on hiring of staff. The project administrative actions in the start-up plan were accomplished in November 2020. The critical tasks of the PMU recruitment and Inception Workshop which passed the project's Annual Workplan were completed in April 2021 and June 2021 respectively. The project implementation commenced with stakeholder mobilisation and firming up of the activities to be undertaken in July 2021 but will be fully rolled following the Social and Environmental Screening which is a mandatory requirement of the GEF. The PMU continues to engage with the UNDP-Kenya country office to address delays being experienced in compliance to its internal systems/procedures for the efficient flow of funds and on granting to the responsible parties.

The project's absorption rate of approximately 13.76% from start-up to date was hindered by the delayed start-up and onboarding of the Project Management Unit (PMU) who were employed in April 2021 – merely two months before the end of the government's financial year. An operational account was not yet opened upon PMU onboarding. Fund utilization through UNDP's direct payment modality was primarily geared towards critical start-up actions, which included hiring the PMU staff, equipment and motor vehicle procurement. Nonetheless, procurement of critical start-up equipment and motor vehicles totalling over USD 500,000 has been completed. In addition, the inception workshop was held in June 2021 to fast-track start-up in addition to the stakeholder mobilization workshop held in February 2021.

The project board (PSC) and Technical Advisory Team have met as required and provided the strategic and technical guidance. Stakeholder mobilisation, beneficiaries' identification, and establishment of baselines have commenced. The project implementation rate should increase in FY 2021/22 as the technical assistance and inputs come on stream. Actual results can only be expected after another nine months following actual implementation of the planned interventions. The project is likely to get on track once these operational requirements are addressed.

### **1.9 Summary of Project Compliance:**

The project implementation is in accordance with Government of Kenya procedures and donor (UNDP) procedures as spelt out by the Project document.

## 2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

### Introduction

As mentioned earlier in the Summary of Overall Project Performance, the project experienced delays in start-up since signing of the ProDoc in July 2019 through this reporting period (FY 2020/21).

Consequently, actual implementation of project activities had not started. Notwithstanding, the project, is guided by, and intends to implement the following four strategy-based components and their respective outcomes and outputs:

<p><b><u>Component 1. Strengthening national and local capacity for effective IWT control in Kenya</u></b> Outcome 1. Increased national and local capacity to fight wildlife crime</p>	<ul style="list-style-type: none"> <li>• Output 1.1. Kenya's National Strategy to Combat Poaching and Illegal Wildlife Trade developed, officially approved, and implemented</li> <li>• Output 1.2. Multi-Agency Unit approach to control illegal wildlife and forest trafficking on the Kenya-Tanzania border strengthened and replicated.</li> <li>• Output 1.3. Training on wildlife crime related issues conducted for KWS, KRA, NPS and judges in the project areas</li> <li>• Output 1.4. International agreements between Kenya &amp; Tanzania on the protection and management of the Maasai Mara - Serengeti and Tsavo Mkomazi Trans-Frontier Conservation Areas (TFCAs) developed and submitted to the country governments for signing.</li> </ul>
<p><b><u>Component 2. Reducing poaching and illegal wildlife trade in threatened species in Tsavo and Maasai Mara Ecosystems</u></b> Outcome 2. Increased effectiveness of Conservancies, PAs and local law enforcement agencies to control poaching and IWT in Tsavo and Maasai Mara Ecosystems</p>	<ul style="list-style-type: none"> <li>• Output 2.1. Inter-agency-community Wildlife Security Hub in Taita Ranches (Tsavo Ecosystem) established and functional</li> <li>• Output 2.2. Maasai Mara National Reserve – Conservancy Anti-Poaching Task Force established and supported with training and equipment</li> </ul>
<p><b><u>Component 3. Strengthening Community Wildlife Conservancies in Tsavo and Maasai Mara Ecosystems</u></b> Outcome 3. Strengthened Community Wildlife Conservancies and benefits for local communities from CBWM and CBNRM in Tsavo and Maasai Mara Ecosystems</p>	<ul style="list-style-type: none"> <li>• Output 3.1. Ecosystem Management Plans for Tsavo and Maasai Mara ecosystems developed, officially approved, and implemented in cooperation with local communities, NGOs, and the private sector</li> <li>• Output 3.2. At least two Community Wildlife Conservancies (one to two in the Maasai Mara ecosystem and One in the Tsavo ecosystem) formally established and have sufficient management capacity</li> <li>• Output 3.3. Revenue-generating options piloted within the target conservancies in Tsavo and Maasai Mara Ecosystems</li> </ul>



	<ul style="list-style-type: none"> <li>• Output 3.4. Small Grant Facility for Conservancies is established and managed by KWCA and provides support to target conservancies in Tsavo and Maasai Mara Ecosystems</li> </ul>
<b>Component 4. Knowledge Management, M&amp;E and Gender Mainstreaming</b> Outcome 4. Lessons learned by the project through participatory M&E and gender mainstreaming are used nationally and internationally	<ul style="list-style-type: none"> <li>• Output 4.1. Detailed gender mainstreaming strategy developed and used to guide project implementation, monitoring and reporting</li> <li>• Output 4.2. Participatory project monitoring, evaluation and learning framework developed and implemented</li> <li>• Output 4.3. Lessons learned from the project shared with GWP and other conservation programmes</li> </ul>

#### **Expected long-term results:**

[Long-term results] Stability of baseline values from 2017:

-Tsavo Ecosystem: 12,843 elephants, 8,525 buffaloes, 4,323 giraffes, -Mara Ecosystem: 2,493 elephants, 9,466 buffaloes, 2,607 giraffes.

[Medium-term results] 20% decrease in poaching & retaliation killings of (Baselines from 2016):

-Tsavo Ecosystem: 30 elephants & 2 Rhinos Poached, 11 retaliations

-Mara Ecosystem: 5 elephants & 1 Rhino, 7 retaliations

#### **Progress on attainment of Project Indicators**

The baselines for the project indicators were from 2016 and, need to be revised due to the delay in project start-up. The PMU has engaged KWS to provide updated baselines once the 2021 census results are made publicly available. Therefore, the table below which illustrates the objectives and 14 indicators of the project, will not provide major achievements of results. This is expected to change from FY 2021/22, as activities are implemented.

<b>Description of Indicator</b>	<b>progress/performance</b>
Indicator 1: Number of new partnership mechanisms with funding for sustainable management solutions of natural resources, ecosystem services, chemicals and waste at national and/or subnational level. (IRRF Indicator 1.3.1):	<p>Some progress achieved as follows:</p> <p>a) Two Anti-poaching motor vehicles are being delivered to the Tsavo Landscape in Q1 of FY 2021/22 to support KWS tackle wildlife crime.</p> <p>b) For the Maasai Mara, to kick-start anti-poaching activities, 2 patrol vehicles have been procured for Narok county rangers and 1 vehicle for Maasai Mara Wildlife Conservancies Association (MMWCA) for joint taskforce operations. In addition, 10 motor bikes will be procured for MMWCA conservancies for anti-poaching operations as the TF formalities</p>



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*Reports and Financial Statements*  
*For the financial year ended June 30, 2021*

	proceed. Delivery of the motor bikes will be made within Q1 of FY 2021/22.
Indicator 2: Number of people directly benefitting in the project area from CBWM and other forms of sustainable NRM as a result of the project (f/m) (IRRF Indicator 1.3.2a): This comprises the populations of the Taita Ranch Conservancy, and the areas to be targeted by the Project in the Maasai Mara ecosystem.	No progress yet. The project startup phase has been delayed with the Project Management Unit coming on board in April 2021 and Inception Workshop held in June 2021. Actual project implementation will commence in FY 2021/22.
Indicator 3: Populations of flagship species in the project areas (baseline for 2017): - Elephant - Buffalo - Giraffe - Rhino	No progress yet. It is important to note that poaching has declined significantly, with the Mara Elephant Project (one of our partners) showing almost negligible poaching of elephants and other wildlife in the last 3 years. This is a good sign which shows the delay in the project did not cost additional wildlife lives. Updated baselines required to measure this indicator.
Indicator 4: Number of individuals of flagship species poached annually in the project areas (baseline for 2016): - Elephant - Rhino  Note: Baselines provided by KWS data 2016 to the PPG team.	No progress yet. It is important to note that poaching has declined significantly, with the Mara Elephant Project (one of our partners) showing almost negligible poaching of elephants and other wildlife in the last 3 years. This is a good sign which shows the delay in the project did not cost additional wildlife lives. Updated baselines required to measure this indicator.
Indicator 5: Capacity of key National Wildlife Crime Enforcement Agency to control IWT (UNDP Capacity scorecard %): KWS	No progress yet.
Indicator 6: National Anti-Poaching Strategy	No progress yet.
Indicator 7: Strengthened institutional capacity to combat IWT as indicated by: a) the ICCWC Indicator Framework (note – baselines to be determined in year 1)	No progress yet. The baseline scores must be determined after the 2021 wildlife census is concluded and results published.
b) National subset of indicator targets for annual monitoring drawn from ICCWC Indicator Framework baseline assessment	
Indicator 8: Annual results of IWT law enforcement in in the project areas (Taita Taveta County, including Taita Ranches, and Narok County including MMNR) 2016: a) number of suspects arrested and prosecuted: b) amount of seized wildlife products (kg)	Some progress. Several RPs are currently being provided with field motor vehicles and motor bikes including KWS, Narok County (for reserve) and both Taita Taveta Wildlife Conservancies Association (TTWCA) and MMWCA. This was done to facilitate anti-poaching and illegal wildlife activities in the project areas.



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c) % ratio of prosecutions to arrests Source: The baseline data for both Taita Taveta and Narok Counties provided by KWS for 2016	
Indicator 9: METT score for Masai Mara NR	No progress yet. METT assessment should be conducted after 2023 once activities have begun making a significant impact in the Maasai Mara National reserve.
Indicator 10: Total area of newly established conservancies with improved wildlife and natural resource management	Some progress evidenced by: 1)Tsavo landscape: - Mbale conservancy was agreed upon to be a conservancy of focus to be formalized and gazetted for the project (as opposed to Mgeno which is mentioned in the ProDoc) to channel resources for its governance trainings and development of a conservancy management plan. 2) Maasai Mara Landscape: Out of 16 conservancies in the landscape, 5 have completed management plans which have been gazetted. 6 have not been gazetted yet whilst 3 are under development.
Indicator 11: Annual rate of retaliatory killing of elephants in the project areas (animals/ year). Baseline (2016) Note: Baseline data for 2016 provided by KWS	No progress yet. The baseline scores must be determined after the 2021 wildlife census is concluded and results published.
Indicator 12: Percentage increase in average annual household income from wildlife conservation and implementation of SLM in the target conservancies	No progress yet. The socio-economic and livelihood surveys of sample communities is planned to be conducted by the inception phase support advisor/consultant who is currently being procured by UNDP in Q1 2021/22. Once baseline values are obtained from the consultant's report, the indicator can be measurable within the second half of 2022.
Indicator 13: Number of the lessons on IWT control and CBNRM learned by the Project that are identified and shared with other national and international projects	Some progress. the PMU has had regular communications with GWP and related project staff. These include GWP: -Communications training -Conservation Workshops -HWC training and lessons learnt. So far, this project is learning from other GWP projects which are further along in implementation. The project aims to share unique/substantial lessons learned from Kenya at the GWP Annual Conferences and in other forums as and when appropriate.
Indicator 14: Number of women participating in targeted gender-proactive investment, empowerment and capacity building activities at project sites	No progress yet. The PMU has raised the gender mainstreaming concern at the inception workshop.

### **3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

#### **1. Social and Environmental Safeguards**

The PMU has engaged UNDP-Kenya to procure a Social and Environmental Safeguard consultant who will be tasked with reporting on any project interventions that may negatively affect the environment and/or people. This is a requirement of the GEF prior to project implementation.

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#### **2. Gender Mainstreaming**

Immediately following the Inception Workshop (14-17 June 2021), the PMU participated in the Greater Maasai Mara Ecosystem Management Plan (EMP) and County Spatial Plan (CSP) Harmonization Workshop between 21 and 25 June 2021. The EMP has been in development since February 2021 after the Cabinet Secretary for the Ministry of Tourism and Wildlife launched it in Narok county. Since the EMP's development forms part of output 3.1 and requires gender mainstreaming to be at the forefront of its development, the PMU ensured that Gender Mainstreaming was included in the EMP as one of the thematic areas. This is but the first step as the project commences its activities with the stakeholders including the Narok county, conservancies and communities on the ground. The expected completion date of the EMP is November 2021 with the support of the project.

#### **3. Community Engagements**

Community representatives in both the Tsavo and Maasai Mara landscapes were invited to deliberate on the annual work plan at the inception workshop held in June 2021. Representatives from TTWCA and MMWCA were encouraged to give their inputs as Responsible Parties (RPs) and as representatives of conservancies in their respective counties of Narok and Taita-Taveta. The project intends to continue engaging them and also directly engage communities within the conservancies as the project kicks off.

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#### **4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Principal Secretary for the State Department for Wildlife, Ministry of Tourism and Wildlife, and the Project Manager/Coordinator of the IWT-Kenya Project, are responsible for the preparation and presentation of the Project's financial statements, which gives a true and fair view of the situation of the Project for and as at the end of the financial period ended on June 30th, 2021. This responsibility includes: i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Principal Secretary for the State Department for Wildlife, Ministry of Tourism and Wildlife and the Project Manager/Coordinator of the IWT-Kenya Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the State Department for Wildlife, Ministry of Tourism and Wildlife and the Project Manager/Coordinator of the IWT-Kenya Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial period ended June 30<sup>th</sup>, 2021, and of the Project's financial position as at that date. The Principal Secretary for the State Department for Wildlife, Ministry of Tourism and Wildlife and the Project Manager/Coordinator of the IWT-Kenya Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for the State Department for Wildlife, Ministry of Tourism and Wildlife and the Project Manager/Coordinator of the IWT-Kenya Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds

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
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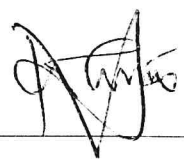
received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project financial statements**

The Project financial statements were approved by the Principal Secretary for the State Department for Wildlife, Ministry of Tourism & Wildlife and the Project Manager/Coordinator for the Combating Poaching & Illegal Wildlife Trafficking in Kenya through an Integrated Approach Kenya Project on 1<sup>st</sup> December 2021 and signed by:

  
Prof. Fred H. K. Segor, CBS  
Principal Secretary

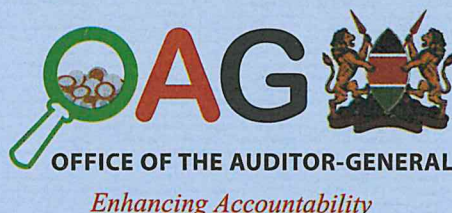
  
Dr. Fahd M.O. Al-Guthmy  
Project Manager/Coordinator

  
CPA Muturi Njoka  
Project Accountant  
ICPAK Member No. 5407



# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON COMBATING POACHING AND ILLEGAL WILDLIFE TRAFFICKING IN KENYA THROUGH INTEGRATED APPROACH (IWT-KENYA) PROJECT FOR THE YEAR ENDED 30 JUNE, 2021 – STATE DEPARTMENT FOR WILDLIFE**

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### **PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (IWT-Kenya) Project set

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*Report of the Auditor-General on Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (IWT-Kenya) Project for the year ended 30 June, 2021 - State Department for Wildlife*



out on pages 1 to 20, which comprise the statement of financial assets as at 30 June, 2021 and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (IWT-Kenya) Project as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No. 00108406 between United Nations Development Programme and the Government of the Republic of Kenya dated 5 July, 2019, and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Acquisition of Assets**

#### **1.1 Unsupported Office Furniture and General Equipment**

Note 5 to the financial statements reflects acquisition of non-financial assets of Kshs.44,253,506 which includes purchase of office furniture and general equipment amounting to Kshs.3,292,404. However, the supporting documents which include list of registered suppliers, the quotation opening and evaluation minutes, professional opinion, the inspection and acceptance certificate and the goods received note and the issue note were not provided for audit.

In the circumstances, the validity and completeness of the office furniture and general equipment expenditure amounting to Kshs.3,292,404 for the year ended 30 June, 2021 could not be confirmed.

#### **1.2 Undelivered Vehicles and Other Transport Equipment**

Note 5 to the financial statements reflects acquisition of non-financial assets of Kshs.44,253,506 which includes purchase of vehicles and other transport equipment amounting to Kshs.40,961,102, out of which an amount of Kshs.29,924,704 is in respect to five (5) vehicles not delivered as at 30 June, 2021. Further, there was no agreement presented for audit detailing the conditions for payment and the period within which the vehicles were to be delivered. The supplier was paid in full before delivering the goods, contrary to Section 146 of the Public Procurement and Disposal Act, 2015, which states that, no works, goods or services contract shall be paid for, before they are executed or delivered and accepted by the accounting officer of a procuring entity or an officer authorized by him or her in writing except where so specified in the tender documents and contract agreement. Such an advance payment shall not be paid before the contract is signed.



Consequently, the regularity and completeness of the purchase of vehicles and other transport equipment amounting to Kshs.40,961,102 for the year ended 30 June, 2021 could not be confirmed.

## **2. Unsupported Purchase of Goods and Services**

The statement of receipts and payments for the year ended 30 June, 2021 reflects purchase of goods and services totalling to Kshs.8,698,396 as disclosed in Note 4 to the financial statements. However, included in this figure is an amount of Kshs.5,096,736 which was not supported with the relevant supporting documentation as summarized below.

<b>No.</b>	<b>Item</b>	<b>Amount (Kshs.)</b>	<b>Supporting Documents not Availed</b>
1	Domestic Travel & Subsistence	3,045,018	Approval letters, Imprest warrants, work tickets, and payment vouchers
2	Audit Fees	524,463	Contract agreement with hired Auditor, Invoice, and payment vouchers.
3	Training Expenses	1,527,255	Invitation letters, reports on training, payment vouchers, invoices and local purchase orders.
	<b>Total</b>	<b>5,096,736</b>	

Consequently, the validity and completeness of purchase of goods and services totalling to Kshs.8,698,396 for the year ended 30 June, 2021 could not be confirmed.

## **3. Unsupported Proceeds from Domestic and Foreign Grants**

The statement of receipts and payments for the year ended 30 June, 2021 reflects proceeds from domestic and foreign grants amounting to Kshs.56,373,538 as disclosed in Note 2 to the financial statements. However, the bank statements and other documents where these receipts are reflected were not provided for audit review.

In the circumstances, the accuracy and completeness of proceeds from domestic and foreign grants amounting to Kshs.56,373,538 for the year ended 30 June, 2021 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (IWT-Kenya) Project Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

## **Other Matter**

### **Budgetary Control and Performance**

The summary statement of comparative budget and actual amount reflects final receipts budget and actual on comparable basis of Kshs.139,024,300 and Kshs.56,553,538 respectively resulting to an under-funding of Kshs.82,470,762 or 59% of the budget. Similarly, the Project spent Kshs.56,553,538 against an approved budget of Kshs.139,024,300 resulting to an under-expenditure of Kshs.82,470,762 or 59% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery of the Project during the first year of implementation to the stakeholders.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Ambiguity in the Financing Agreement**

The Financing Agreement states in section 'IX Financial Planning and Management Funds Flow: "Both GoK and UN financial and procurement procedures will be utilized and adhered to as appropriate. The project will adhere to the Public Financial Management Act (2012)". However, this clause may be in conflict with the Act as the UN financial and procurement procedures are not in tandem with the Public Finance Management Act, 2012 and the Public Procurement and Asset Disposal Act, 2015

In the circumstances, continued application of the Financing Agreement with the above clause may result to non-adherence to the Public Finance Management Act, 2012.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.



## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project or cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing Project's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

## Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

08 December, 2021






**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

	Note	2020/2021		Total	Total	Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties			
		KShs	KShs			KShs
<b>RECEIPTS</b>						
Transfer from Government entities	1	180,000	-	180,000		180,000
Proceeds from domestic and foreign grants	2	0	56,373,538	56,373,538		56,373,538
<b>TOTAL RECEIPTS</b>		<b>180,000</b>	<b>56,373,538</b>	<b>56,553,538</b>		<b>56,553,538</b>
<b>PAYMENTS</b>						
Compensation of employees	3	0	3,601,635	3,601,635		3,601,635
Purchase of goods and services	4	180,000	8,518,396	8,698,396		8,698,396
Acquisition of non-financial assets	5		44,253,507	44,253,507		44,253,507
<b>TOTAL PAYMENTS SURPLUS/ (DEFICIT)</b>		<b>180,000</b>	<b>56,373,538</b>	<b>56,553,538</b>		<b>56,553,538</b>
		<b>0</b>	<b>-</b>	<b>0</b>		<b>0</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

  
 Prof. Fred H.K. Segor, CBS  
 Principal Secretary

  
 Dr. Fahd M.O Al-Gulhmy  
 Project Coordinator

  
 CPA Muturi Njoka  
 Project Accountant  
 ICPAK Member Number: 5407





**7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2021**

	Note	2020-2021 KShs
<b>FINANCIAL ASSETS</b>		
<b>Cash and Cash Equivalents</b>		
Bank Balances		0
Cash Balances		0
Cash Equivalents (short-term deposits)		0
<b>Total Cash and Cash Equivalents</b>		<b>0</b>
Accounts Receivables		0
<b>TOTAL FINANCIAL ASSETS</b>		<b>0</b>
<b>FINANCIAL LIABILITIES</b>		
Payables-Deposits and retentions		0
<b>NET ASSETS</b>		<b>0</b>
<b>REPRESENTED BY</b>		
Fund balance b/fwd		0
Prior year adjustments		0
Surplus/(Deficit) for the year		0
<b>NET FINANCIAL POSITION</b>		<b>0</b>

**Note**

Statement of financial assets as at 30<sup>th</sup> June 2021 had zero balances. Although the project had opened the special deposit account in 2020, it had not been utilized, and therefore had no activity during the reporting period (FY 2020/21). The project had not opened the operations account. This is the first financial statement, hence no comparative report

*IWI-Akenya Project*  
*Reports and Financial Statements*  
*For the financial year ended June 30, 2021*

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 18<sup>th</sup> December 2021 and signed by:



Prof. Fred. H. K. Segor CBS  
Principal Secretary



Dr. Fahd M. O. Al-Guthiny  
Project Coordinator



CPA Muturi Njoka  
Project Accountant  
ICPAK Member Number 5407



**IWT-Kenya Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2021**

**8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2021**

	Note	2020-2021 Kshs
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
<b>Receipts from operating activities</b>		
Transfer from Government entities	1	180,000
Proceeds from domestic and foreign grants	2	56,373,538
<b>Total</b>	4	<b>56,553,538</b>
<b>Payments from operating activities</b>		
Compensation of employees	3	3,601,635
Purchase of goods and services	4	8,698,396
<b>Total</b>		<b>12,300,031</b>
<b>Net cash flow from operating activities</b>		<b>44,253,507</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Assets	5	-44,253,507
<b>Net Cash Flow from investing activities</b>		<b>- 44,253,507</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>		
Proceeds from Foreign Borrowings		0
<b>Net cash flow from financing activities</b>		<b>0</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>0</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>0</b>
<b>Cash and cash equivalent at END of the year</b>		<b>0</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 18<sup>th</sup> December 2021 and signed by:

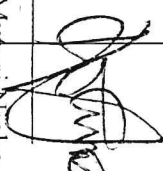
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Prof. Fred H.K Segor CBS  
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Dr.Fahd M.O Al-Guthmy  
Project Coordinator



CPA Muthuri Njoka  
Project Accountant  
ICPAK Member No 5407



**IWT-Kenya Project**  
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**9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Utilization Difference e=c-d	% of Utilization f=d/c %
<b>Receipts</b>						
Transfer from Government entities	7,500,000	0	7,500,000	180,000	7,320,000	2%
Proceeds from domestic and foreign grants	131,524,300	0	131,524,300	56,373,538	75,150,762	43%
<b>Total Receipts</b>	<b>139,024,300</b>	<b>0</b>	<b>139,024,300</b>	<b>56,553,538</b>	<b>82,470,762</b>	
<b>Payments</b>						
Compensation of employees	9,500,000	0	9,500,000	3,601,635	5,898,365	38%
Purchase of goods and services	85,054,300	0	85,054,300	8,698,396	76,355,904	10%
Acquisition of non-financial assets	44,470,000	0	44,470,000	44,253,507	216,493	100%
<b>Total Payments</b>	<b>139,024,300</b>		<b>139,024,300</b>	<b>56,553,538</b>	<b>82,470,762</b>	

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements. During the financial year (2020/2021), all the payments were done using the direct payment modalities by UNDP. This is represented by proceeds from domestic and foreign grants. The transfer from Government entities also represent payment made by State Department of Wildlife to the State Department of Broadcasting and Telecommunications, being payment for re-advertisement of vacant position of IWT-Kenya project monitoring and evaluations officer.

Prof. Fred H.K Segor CBS  
Principal Secretary

Dr. Fahd M.O Al-Guthmy  
Project Coordinator

CPA Muturi Njoka  
Project Accountant  
ICPAK Member Number 5407

## **10. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

### **10.1 Basis of Preparation**

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#### **10.2 Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

#### **10.3 Reporting entity**

The financial statements are for the Project IWT-Kenya under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

##### **10.3.1 Reporting currency**

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The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

#### **10.4 Significant Accounting Policies**

##### **a) Recognition of receipts**

The Project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the Government.



**i) Transfers from the Exchequer**

Transfer from Exchequer is be recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

**ii) External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

**iii) Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

**b) Donations and grants**

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

**Significant Accounting Policies (Continued)**

**c) Proceeds from borrowing**

Borrowing includes Treasury bill, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the Project or any other debt the Project may take on will be treated on cash basis and recognized as a receipt during the year they were received.

**d) Undrawn external assistance**

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary

**e) Recognition of payments**

The Project recognises all payments when the event occurs, and the related cash has actually been paid out by the Project.

**i) Compensation of employees**

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

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**ii) Use of goods and services**

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.



**Significant Accounting Policies (Continued)**

**iii) Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

**iv) Repayment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

**v) Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

**f) In-kind donations**

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

**Significant Accounting Policies (Continued)**

**g) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank

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account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**Restriction on cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

**h) Accounts receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

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### **Significant Accounting Policies (Continued)**

#### **i)Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

#### **j) Contingent Assets**

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

### **Significant Accounting Policies (Continued)**



**k) Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**l) Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation.

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

**m) Third party payments**

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Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties column in the statement of receipts and payments.

During the year no loan disbursements were received in form of direct payments from third parties.

**Significant Accounting Policies (Continued)**

**n) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

**o) Comparative figures**

Where necessary comparative figures for the previous financial year/period have been amended or reconfigured to conform to the required changes in financial statement presentation.

**p) Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2021

**q) Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

## 11. NOTES TO THE FINANCIAL STATEMENTS

### 1. RECEIPTS FROM GOVERNMENT OF KENYA

These represent counterpart funding and other receipts from government as follows:

	2020/21
	KShs
<i>Counterpart funding through Ministry Tourism and Wildlife</i>	
Counterpart funds Quarter 1	0
Counterpart funds Quarter 2	0
Counterpart funds Quarter 3	0
Counterpart funds Quarter 4	180,000
<b>Total</b>	<b><u>180,000</u></b>

Ksh. 180,000 was paid directly by State Department of Wildlife to State Department of broadcasting and Telecommunications for re-advertisement for the post of monitoring and evaluations officer for IWT-Kenya project.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

During the 12 months to 30 June 2021, we received grants from UNDP as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2020/21	
		USD	KShs	KShs	KShs	KShs	
Grants Received from Multilateral Donors (International Organizations)- UNDP							
UNDP-Kenya	Aug 2020-Jun 2021	521,891	0	56,373,538	0	56,373,538	
<b>Total</b>		<b>521,891</b>	<b>0</b>	<b>56,373,538</b>	<b>0</b>	<b>56,373,538</b>	

During the financial year (2020/2021), all the payments were done using the direct payment modalities by UNDP.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. COMPENSATION OF EMPLOYEES**

	2020/2021		
	Payments made by the Entity in Cash	Payments made by UNDP	Total Payments
	KShs	KShs	KShs
Basic wages of temporary employees	0	3,601,635	3,601,635
<b>Total</b>	<b>0</b>	<b>3,601,635</b>	<b>3,601,635</b>

The basic wages of temporary employees were project management unit (PMU) salaries who were under contract during the period and paid using Direct Payment modality. The wages also include a proportion of UNDP programme officer salaries during the period.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. PURCHASE OF GOODS AND SERVICES**

2020/2021			
	Payments made by State Department of Wildlife	Payments made by UNDP	Total Payments
	KShs	KShs	KShs
Utilities, supplies and services	180,000	0	180,000
Domestic travel and subsistence	0	6,084,354	6,084,354
Training expenses-venue charges	0	1,909,578	1,909,578
Other operating payments-Audit fee	0	524,464	524,464
<b>Total</b>	<b>180,000</b>	<b>8,518,396</b>	<b>8,698,396</b>

Out of a total purchase of goods and services of Kenya Shillings 8,698,396, the State Department for Wildlife paid Kenya shillings 180,000 while UNDP paid Kenya Shillings 8,518,396. The training expenses are venue charges for workshops.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. ACQUISITION OF NON-FINANCIAL ASSETS**

	2020/21		
	Payments made by the Entity in Cash	Payments made by UNDP	Total Payments
	KShs	KShs	KShs
Purchase of vehicles & other transport equipment	0	40,961,102	40,961,102
Purchase of office furniture & general equipment	0	3,292,404	3,292,404
<b>Total</b>	<b>0</b>	<b>44,253,506</b>	<b>44,253,506</b>

Included in the Purchase of vehicles & other transport equipment were motor vehicles worth Kenya Shillings 36,063,338 which were yet to be cleared but paid for as at 30<sup>th</sup> June 2021. The payment was done by UNDP.

**6. PENDING STAFF PAYABLES (See Annex 2)**


Description	2020/2021 (Kshs)
Senior management	0
Middle management	0
Unionisable employees	0
Temporary staff statutory deductions	685,080
<b>Total</b>	<b>685,080</b>


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**7. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

This being the first project audit, the statement do not reflect on progress on follow up of prior year auditor's recommendation.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

  
Prof. Fred. H.K Segor CBS  
Principal Secretary

  
Dr. Fahd. M. O. Al-Guthny  
Project Coordinator

  
CPA Mhuri Njoka  
Project Accountant  
ICPAK Member No. 5407



**12. ANNEXES**

**ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
Receipts	a	b	c=a-b	d=b/a %	
Transfer from Government entities	7,500,000	180,000	7,320,000	2%	The project management unit were onboarded in April 2021 - two months before the end of the financial year. The Ministry had to readvertise for the post of Project Monitoring and evaluation officer after failing to obtain a satisfactory applicant from the initial pool.
Proceeds from domestic and foreign grants	131,524,300	56,373,538	75,150,762	43%	The project start-up delayed for two years and the PMU were boarded in April 2021 hence only critical start-up procurements and start-up workshops were conducted.
<b>Total Receipts</b>	<b>139,024,300</b>	<b>56,553,538</b>	<b>82,470,762</b>		
<b>Payments</b>					
Compensation of employees	9,500,000	3,601,635	5,898,365	38%	Project (PMU) employees were boarded in April 2021. Monitoring and evaluation officer had not yet been employed during the financial year.
Purchase of goods and services	85,054,300	8,698,396	76,355,904	10%	Only critical start-up activities/procurements were possible during the two months before the end of 2020/2021 accounting year.
Acquisition of non-financial assets	44,470,000	44,253,507	216,493	100%	
<b>Total Payments</b>	<b>139,024,300</b>	<b>56,553,538</b>	<b>82,470,762</b>		



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**ANNEX 2 - ANALYSIS OF PENDING STAFF BILLS**

<b>Name of Staff</b>	<b>Job Group</b>	<b>Original Amount</b>	<b>Date Payable Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2020/21</b>	<b>Comments</b>
<b>Temporary employees</b>						
Project Manager		222,970	222,970	0	222,970	See notes below
Project Manager		1,200	1,200	0	1,200	"
Project Manager		5100	5,100	0	5,100	"
Landscape- Coordinator-Tsavo		142,970	142,970	0	142,970	"
Landscape- Coordinator-Tsavo		1,200	1,200	0	1,200	"
Landscape- Coordinator-Tsavo		5,100	5,100	0	5,100	"
Landscape- Coordinator-Maasai Mara		146,970	146,970	0	146,970	"
Landscape- Coordinator-Maasai Mara		1,200	1,200	0	1,200	"
Landscape- Coordinator-Maasai Mara		5,100	5,100	0	5,100	"
Project Finance Officer		146,970	146,970	0	146,970	"
Project Finance Officer		1,200	1,200	0	1,200	"
Project Finance Officer		5,100	5,100	0	5,100	"
<b>Sub-Total</b>		<b>685,080</b>	<b>685,080</b>		<b>685,080</b>	

UNDP paid the project employee net of PAYE, NSSF and NHIF using the direct payment modality for the months of April to June 2021. However, due to the government procedures of opening the project operational accounts, there was a delay in payment of deductions.

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**ANNEX 3 – SUMMARY OF FIXED ASSETS REGISTER**

Asset class	Opening Cost (Kshs) 2020/21	(a)	Donations in form of assets (Kshs) 2020/21	(b)	* Purchases/ Additions in the Year (Kshs) 2020/21	(c)	** Disposals in the Year 2020/21 (Kshs)	(d)	Transfers in/(out) Kshs 2020/21	(d)	Closing Cost (Kshs) 2021 (e)=(a)+(b)+(c)- (d)+(-)d
Transport equipment			40,961,102		0		0		0		40,961,102
Office equipment, furniture and fittings			3,292,404		0		0		0		3,292,404
<b>Total</b>			<b>44,253,506</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>44,253,506</b>

Notes: The project vehicles worth Kenya Shillings 36,063,338 were paid for and awaiting registration by the end of the accounting period.



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**ANNEX 4 – TABLE OF IN-KIND CONTRIBUTIONS TO THE PROJECT**

Source of funds	In-kind Commitment		Utilization to date – (30 <sup>th</sup> June 2021)		Balance	
	Donor currency USD	KShs	Donor currency USD	KShs	Donor currency USD	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
<b>(i) Government of Kenya</b>						
Policy and Legislation	2,700,000	289,980,000	540,000	57,996,000	2,160,000	231,984,000
Knowledge sharing, networks and local partnerships from Projects with IWT and conservancies	2,500,000	268,500,000	500,000	53,700,000	2,000,000	214,800,000
Office and infrastructure costs@ USD 200,000 annually for 5 years	1,000,000	107,400,000	200,000	21,480,000	800,000	85,920,000
Technical backstopping and strategic project direction	1,350,000	144,990,000	270,000	28,998,000	1,080,000	115,992,000
Financial Management and reporting	1,200,000	128,880,000	240,000	25,776,000	960,000	103,104,000



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Source of funds	In-kind Commitment		Utilization to date – (30 <sup>th</sup> June 2021)		Balance	
	Donor currency USD	KShs	Donor currency USD	KShs	Donor currency USD	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
<b>Total</b>	<b>8,750,000</b>	<b>939,750,000</b>	<b>1,750,000</b>	<b>187,950,000</b>	<b>7,000,000</b>	<b>751,800,000</b>
<b>(ii) Kenya Wildlife Conservation Association</b>						
Association	275,000	29,535,000	27,500	2,953,500	247,500	26,581,500
<b>Total</b>	<b>275,000</b>	<b>29,535,000</b>	<b>27,500</b>	<b>2,953,500</b>	<b>247,500</b>	<b>26,581,500</b>
<b>(iii) Maasai Mara Wildlife Conservancies</b>						
Wildlife Conservancies	3,120,000	335,088,000	312,000	33,508,800	2,808,000	301,579,200
<b>Total</b>	<b>3,120,000</b>	<b>335,088,000</b>	<b>312,000</b>	<b>33,508,800</b>	<b>2,808,000</b>	<b>301,579,200</b>
<b>(iv) Taita-Taveta County Government</b>						
County Government	960,211	103,126,661	96,021	10,312,666	864,190	92,813,995
<b>Totals</b>	<b>960,211</b>	<b>103,126,661</b>	<b>96,021</b>	<b>10,312,666</b>	<b>864,190</b>	<b>92,813,995</b>
<b>Grand Total</b>	<b>13,105,211</b>	<b>1,407,499,661</b>	<b>2,185,521</b>	<b>234,724,966</b>	<b>10,919,690</b>	<b>1,172,774,695</b>

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**ANNEX 5 – TRIAL BALANCE FOR THE YEAR ENDED 30TH JUNE 2021**

		2020/2021	
	Note	DEBIT	CREDIT
		Kshs	Kshs
Transfer from Government entities	1		180,000
Proceeds from domestic and foreign grants	2	0	56,373,537
Compensation of employees	3	3,601,635	
Purchase of goods and services	4	8,698,396	
Acquisition of non-financial assets	5	44,253,506	
<b>TOTAL</b>		<b>56,553,537</b>	<b>56,553,537</b>

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